

Commissioner Stewart Announces the Transfer of \$250,000 to the City of Wilmington as a Result of Delaware Captive Surplus

Dover, DE – Economic opportunity, triple digit tax revenue growth, and the recognition of Delaware as an insurance industry leader are the ways to describe Insurance Commissioner Karen Weldin Stewart's captive insurance program. Today, Commissioner Karen Weldin Stewart is proud to announce that under her leadership, The Delaware Department of Insurance has given \$250,000 to the City of Wilmington due to the success of the Captive Bureau at the Delaware Department of Insurance.

The Delaware Code Title 18 Chapter 69 provides for the ability of the Commissioner to transfer monies to the General Fund in excess of the funds that would be reasonable to fund the Captive Insurance Program for the upcoming year. If such funds are transferred pursuant to Delaware Code Title 29 Chapter 23 §2311 (2) those funds will be remitted to the City of Wilmington by the Secretary of State. The Commissioner is exercising that authority.

Since forming the captive bureau in 2009, the Department of Insurance has experienced a 800 percent growth rate in the number of licensed captive insurance entities. **"In 2009 when I started the captive bureau, we had 38 captive insurers. At the end of 2011 there were 338 captive risk bearing entities that generated nearly \$1 billion of insurance premium. I attribute this growth to innovative designs in alternative risk transfer that maximize the power of the Delaware's**

corporate and business entity laws,” said Commissioner Stewart. Delaware is now in the top five of U.S. captive domiciles and one of the top 15 in the world. Captive insurance is also a new source of revenue for the state. **“In 2008 I campaigned on a platform of building Delaware’s captive insurance industry. Through the efforts of my capable captive staff, we have developed a new source of revenue for today and the future.”** In 2011 the captive bureau generated more than \$1.2 million in tax revenue, which is a 100 plus percent increase from the \$600,000 generated in the captive bureau’s first year of existence. Additionally, there are more than 300 captive risk bearing entities regulated by the captive bureau that are also Delaware domiciled business entities, which generates revenue for the Secretary of State. The revenue amount that has been collected for 2012 has exceeded the operating costs for the captive bureau and the excess amount was then transferred to the Secretary of State and directed to the City of Wilmington.

Captive insurance is a form of self-insurance where a business owner forms their own insurance company to insure their own risk. Since the owner is insuring itself, captive insurance is an incentive to avoid behaviors that lead to insurance losses. By reducing losses, the business owner can invest dollars formerly used to pay claims back into the business to create jobs.

In terms of jobs and economic opportunity, the captive program has exceeded expectations. **“In addition to providing economic growth for many professional service firms in Delaware, the Captive insurance bureau has generated revenue for the state during this very difficult financial time.”** Stewart added, **“I am proud of my captive team for its hard work. The growth of the captive insurance industry means jobs, revenue, and wealth for Delaware – and that’s good for Delaware.”**